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15 Attorneys for Plaintiff
16 FEDERAL TRADE COMMISSION

17 UNITED STATES DISTRICT COURT
18 CENTRAL DISTRICT OF CALIFORNIA

19 FEDERAL TRADE COMMISSION,

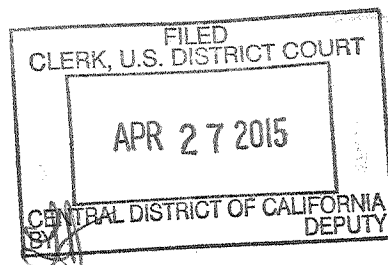
20 Plaintiff,

21 v.

22 SALE SLASH, LLC, a California
23 limited liability company,

24 PURISTS CHOICE LLC, a California
25 limited liability company,

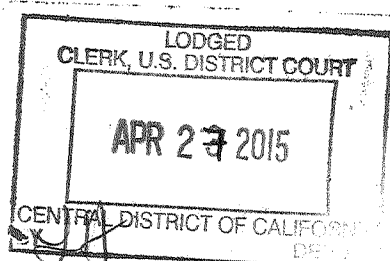
26 ARTUR BABAYAN, individually and
27 as an owner and manager of SALE
28 SLASH, LLC and PURISTS CHOICE
LLC, and



CV15-03107PA (AJW)

Case No. _____

Plaintiff's *Ex Parte* Application for
Temporary Restraining Order with an
Asset Freeze, Appointment of a
Receiver, and Other Equitable Relief,
and Order to Show Cause Why a
Preliminary Injunction Should Not Issue



1 VAHE HAROUTOUNIAN,
2 individually and doing business as
3 PRISMA PROFITS,

4 Defendants.

5 Plaintiff, the Federal Trade Commission (“FTC”), having filed its Complaint
6 seeking a permanent injunction and other relief, including restitution for consumers
7 injured by Defendants’ unlawful practices, pursuant to Sections 13(b) and 19 of the
8 Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 53(b) and 57b, and
9 Section 7(a) of the Controlling the Assault of Non-Solicited Pornography and
10 Marketing Act of 2003 (“CAN-SPAM Act”), 15 U.S.C. § 7706(a), applies to this
11 court on an *ex parte* basis without notice to Defendants for a Temporary
12 Restraining Order with an Asset Freeze, Appointment of a Receiver, and Other
13 Equitable Relief, and Order to Show Cause Why a Preliminary Injunction Should
14 Not Issue (“TRO”).¹ In support of this application, the FTC states:

15 1. The FTC seeks an order:

16 a. Temporarily restraining Defendants from further violations of
17 Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52, and Section 5(a)
18 of the CAN-SPAM Act, 15 U.S.C. § 7704(a);

19 b. Temporarily freezing Defendants’ assets;

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28 ¹ The FTC has filed a proposed TRO concurrently with this application.

1 c. Appointing a temporary equity receiver to take control of
2 corporate Defendants Sale Slash, LLC and Purists Choice LLC and their assets;

3 d. Temporarily restraining and enjoining Defendants from
4 destroying or concealing documents, and from transferring, concealing, or
5 otherwise disposing of assets;

6 e. Temporarily requiring third parties holding Defendants' assets
7 to retain within their control and prohibit the withdrawal, removal, assignment,
8 transfer, pledge, or other disposal of any of Defendants' assets, funds, documents
9 or other property held by, or under the control of third parties;

10 f. Granting expedited discovery; and

11 g. Requiring Defendants to show cause why this Court should not
12 issue a preliminary injunction extending such temporary relief pending an
13 adjudication on the merits.

14 2. *Ex parte* relief is necessary here. An *ex parte* TRO is warranted
15 where the facts show that irreparable injury, loss, or damage will result before the
16 defendant can be heard in opposition. *See* Fed. R. Civ. P. 65(b). In other cases in
17 this district and circuit, Courts have granted the FTC an *ex parte* TRO with an
18 asset freeze and appointment of a receiver based on Defendants' deceptive acts and
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practices.² As in those cases, irreparable injury, loss, or damage likely will result if Defendants receive notice of this action.

3. In the FTC's experience, defendants engaged in similarly deceptive schemes have withdrawn funds from bank accounts and moved or destroyed inculpatory documents when given notice of the FTC's action against them.³

4. In this case, the deceptive and illegal nature of Defendants' online marketing practices and the steps they have taken to conceal their identities suggest that they are likely to dissipate assets or destroy documents if given notice of the FTC's action before the entry of a TRO. As explained in detail in the FTC's memorandum and the supporting exhibits filed with this application, Defendants have inundated consumers with illegal spam email, false weight-loss claims, and phony celebrity endorsements. Defendants' initial email falsely suggests it is from a friend, family member, or other contact of the recipient. These emails contain

² See, e.g., *FTC v. Applied Mktg. Servs., LLC*, CV-13-6794-CAS (CWx) (Sept. 16, 2013) (*ex parte* TRO with asset freeze, appointment of a receiver, immediate access to business premises); *FTC v. Asset & Capital Mgmt. Group, Inc.*, CV-13-5267-DSF (JCx) (July 24, 2013) (same); *FTC v. Am. Mortgage Consulting Group, LLC*, SACV-12-01561-DOC (JPRx) (Sept. 18, 2012) (same); *FTC v. Rincon Mgmt. Servs. LLC*, CV-11-01623-VAP (SPx) (Oct. 11, 2011) (same); *FTC v. Forensic Case Mgmt. Servs., Inc.*, CV-11-07484-RGK (SSx) (Sept. 13, 2011) (same); *FTC v. U.S. Homeowners Relief, Inc.*, CV-10-01452-JST (PJWx) (Sept. 28, 2010) (same).

³ See Certification and Declaration of Plaintiff's Counsel Pursuant to Federal Rule of Civil Procedure 65(b) and Local Rule 7-19.2 in Support of Plaintiff's *Ex Parte* Application for Temporary Restraining Order and *Ex Parte* Application to Temporarily Seal the Case File, filed with this application.

1 innocent-looking links that lead to “fake news” websites where a phony news
2 report claims that Defendants’ products cause dramatic weight loss and celebrities
3 like Oprah Winfrey endorse those same products. These websites also have links
4 that lead deceived consumers to webpages where they can purchase Defendants’
5 products. In truth, the spam email was sent by hackers, the weight-loss claims are
6 bogus, and the celebrity endorsements are simply made up. Defendants have made
7 millions from this scheme, paying more than \$17 million to marketers to perpetrate
8 the deception on Defendants’ behalf. Meanwhile, Defendants have attempted to
9 conceal their identities, falsifying website registration records and registering their
10 corporates through mail drops. Without an *ex parte* asset freeze, funds may not be
11 available to satisfy a final order granting restitution to defrauded consumers.
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1 WHEREFORE, Plaintiff Federal Trade Commission respectfully requests
2 that the Court grant its Application *ex parte* and waive notice of this Application to
3 Defendants.
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5 Respectfully submitted,

6 Jonathan E. Nuechterlein
7 General Counsel

8 Dated: April 24, 2015

9 
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11 Attorney for Plaintiff
12 FEDERAL TRADE COMMISSION
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